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Second Committee

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Chairman: Mr. Asadi ..... (Islamic Republic of Iran)

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The meeting was called to order at 10.10 a.m.

Organization of work (A/C.2/53/1; A/C.2/53/L.1/Rev.1 and A/C.2/53/L.1/Add.1/Rev.1)

1. **The Chairman** drew attention to a proposed change in the Committee's programme of work (A/C.2/53/L.1/Rev.1). The discussion of item 94, sub-items (b), (c), (d) and (e) would begin in the afternoon of Thursday, 22 October. He took it that the Committee agreed to that adjustment.

2. *It was so decided.*

3. **The Chairman** said that themes for the discussion of each cluster of items had been suggested during informal consultations. Those themes in no way precluded any delegation from making a statement on any topic it found relevant.

General debate

4. **The Chairman** said that the current world economic situation was generally unfavourable, and there was little optimism regarding the prospects for growth and development for the majority of developing countries. The unfortunate consequences of such a situation would be seen in terms of increased poverty and the inevitable social tensions and political instability. The recent high-level dialogue on globalization in the General Assembly had increased the general understanding of its perils and of its promises, which were yet to be realized for most of the developing countries.

5. It was sobering to realize that the solution to the current economic crisis was beyond the grasp of any one country, region or institution, and that any solution required international collaboration on a global scale. If mutual interest compelled countries to cooperate, recognizing their mutual peril should prove to be a much stronger motivation to work together.

6. The Second Committee represented the highest intergovernmental mechanism for the formulation and appraisal of policy in the economic and development fields. It should utilize its unique position to promote constructive dialogue and genuine partnership to the fullest possible extent. He saw the Chairman's role as helping to achieve consensus on the important issues before the Committee. Conditions were favourable for progress at the international and intergovernmental level because of the emerging realization that solutions depended on global cooperation and partnership.

7. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs) said that the Second Committee was meeting in an environment of world economic crisis, which naturally had been a major focus of intergovernmental processes and of the Secretariat for the past year. Through those processes, he had sensed an attempt by Member States to understand why the crisis had hit with such sudden force. The dimensions of the crisis included a drying up of capital flows to developing economies and a collapse in their rate of growth, which had led to a decline in gross domestic product (GDP). Indeed, according to estimates, global growth had dropped from 3.3 per cent in 1997 to an estimated 1.9 per cent in 1998, or perhaps even lower. Those diminished expectations of growth translated into a human crisis of rising poverty, unemployment and reverse migration from cities to rural areas, bringing social tensions in its wake.

8. The effects of this crisis on long-term development prospects could be worse, as the world economy overall was being sustained by continued growth in North America and Europe, and some of the countries affected were beginning to emerge from the crisis. However, the world economy could not risk much more contraction before the possibility of a worldwide depression would arise. The remedies for the situation included favouring deflation over inflation, maintaining demand-led growth and strengthening institutions like the International Monetary Fund (IMF) to enable them to respond to the crisis.

9. There was a disjunction between the real economy and the financial economy, as evidenced by the fact that foreign exchange turnover had reached 10 times the global GDP. Although only a small percentage of that turnover had actual transactions behind it, it had an effect on the global exchange rate, which in turn affected local economies. In the area of current account deficits, a shift could be seen in the locus of instability from the current account to capital accounts, yet there was no predictable mechanism to monitor such shifts. Policies must be designed to promote capital account stability. Contagion affected the markets of countries linked by borrowing, but it also had a psychological impact: flows to emerging markets were drying up, whether or not those markets were in crisis.

10. The world was being confronted by the public consequences of private-sector decisions, and policy must take into account the impact of financial decisions on the real economy. There was a tendency to define good policy using standard norms, but differentiation was needed to fit the realities of specific situations. The goal of economic policy must be the public interest, not private profit. The crisis was an outcome of outdated institutions which

were unable to keep up with the realities of global interdependence.

11. He would define globalization as the widening and deepening of economic, social and political transactions across national boundaries between citizens and enterprises of different countries. Globalization was taking place not just in the areas of trade and finance, but in other relationships as well, as manifested by the growth of transnational corporations and the emergence of an international civil society. The globalization process was being questioned in many countries on the grounds that it had not delivered on its promise even at the national level. There was a risk that the international community would back away from globalization because existing institutions were not ready to handle its requirements.

12. Finally, in his view, the United Nations could best contribute by encouraging consensus-building and by providing a forum where all members of the international community could listen to one another.

13. **Mr. Wibisono** (Indonesia), speaking on behalf of the Group of 77 and China, said that the promise and expectations associated with globalization and liberalization might still be valid, but many countries were increasingly questioning their impact on national economies, particularly their devastating social consequences. While those powerful forces could unleash great opportunities, they were also blind to a country's interests and favoured the economically powerful over the weak, resulting in growing disparities of income and consumption. The effects of globalization felt most severely in the least developed countries had been virtually excluding them from the mainstream economy. Over a billion people still languished in wrenching poverty.

14. In Asia, where the robust growth rates of past decades had transformed the region into an economic powerhouse, many of the most dynamic economies currently lay in ruins. The painful lesson to be learned was that the market was driven as much by sentiment and perception as by facts.

15. Since many of the problems were global in nature, they must be resolved globally. Likewise, since many core development issues could be addressed successfully only through multilateral action, it was imperative for multilateral cooperation to be revitalized. The United Nations provided a unique forum for renewing that dialogue. The immediate challenge facing international cooperation for development was the need to contain the spreading crisis, control the negative effects of globalization and maximize its benefits. The international community should seek a new architecture to strengthen its management role in the world economy, one that was transparent, accountable and participatory.

16. Possibly the greatest factor currently inhibiting development was a lack of adequate financial resources. While the increased emphasis on foreign development investment was welcome, it should not be forgotten that official development assistance (ODA) constituted the principal source of development financing for most developing countries. Regrettably, that type of assistance had been an early casualty of globalization and was in sharp decline, for if left to themselves, financial markets would not go out of their way to finance economic growth in developing countries. Moreover, many countries, particularly the least developed among them, were not able to attract private financial flows.

17. Compounding the lack of financial flows was the perennial problem of chronic external indebtedness. Many developing countries remained crippled by debt overhang despite years of an evolving international debt strategy. The Group of 77 had long advocated the importance of an approach designed to reduce the overall debt burden of a country to a level that allowed for the restoration of development. The Heavily Indebted Poor Countries (HIPC) Debt Initiative was an important step in returning a number of the poorest countries to the path of development; however, efforts should be made to accelerate its pace. As globalization had compounded the effects of the financial crisis on the external indebtedness of many developing countries, it was also imperative to pursue debt relief measures in that new context.

18. He also expressed concern at the lack of market access for developing country exports and, in particular, non-trade-related constraints such as the linkage between trade and core labour standards and other extraneous issues. Owing to inequitable market access, developing countries had not substantially benefited from the Uruguay Round of multilateral trade negotiations and the World Trade Organization (WTO). He urged strict compliance with the provisions of the Uruguay Round and the decisions of WTO, particularly with regard to textiles and agricultural products, and the promotion of equitable, transparent and rule-based multilateral trade. He noted that the opening up of developed country markets to the products of the developing countries could help to avert a global recession.

19. The severe shortfall in resources to meet growing demands on the Organization must be addressed during the forthcoming triennial policy review of operational activities for development. The review should be utilized to ensure funding for operational activities on a more predictable, continuous and assured basis. While acknowledging the emergence of a new development paradigm, the Group of 77 and China believed that the review should stress the

original objective of operational activities for development, namely, to promote the development interests of the developing countries; it should avoid introducing any concept that might interfere with traditional country-driven activities.

20. He expressed the hope that the Second Conference of the Parties to the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, to be held in Dakar in December, would result in more vigourous implementation of that Convention. The fourth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Buenos Aires, must respect the mandate of the Convention; it should not be distracted by extraneous issues. The concept of partnership should translate into the mobilization of sufficient financial resources, the provision of new and additional funding and the transfer of environmentally sound technologies. In addition, the principle of "common but differentiated responsibilities", as agreed under Agenda 21, should be fully applied.

21. He called for an intensification of South-South cooperation based on complementarities among developing countries. The twentieth anniversary of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries on 7 October should generate renewed commitment to such cooperation. Developed countries and international institutions had a valuable role to play in support of South-South cooperation, which the Group of 77 and China were seeking to promote through such initiatives as the High-level Meeting on Regional/Subregional Cooperation, to be held in December in Bali, Indonesia, with assistance from the United Nations Development Programme (UNDP) and the Government of Japan.

22. **Mr. Glanzer** (Austria), speaking on behalf of the European Union and the associate countries of Central and Eastern Europe, namely, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, the associate country of Cyprus, and, in addition, Norway, a member of the European Free Trade Area (EFTA) and the European Economic Association, said that the work of the Second Committee should be carried out within the broad framework of globalization. National and international institutions must be strengthened in order to meet the challenges of globalization, which had far-reaching financial, socio-economic and technological implications and was influenced by both the private sector and civil society, particularly non-governmental organizations. Within that context, the United Nations, given its universality and the comprehensive scope of its mandate, had a normative role to play in supporting the follow-up of international conferences at the country level, with particular emphasis on poverty eradication, human rights and the participation of all countries in international trade.

23. The European Union attached great importance to the follow-up of United Nations global conferences and the international development targets they had established. In that context, he urged the Second Committee to be focused and specific in its preparations for the forthcoming reviews of the International Conference on Population and Development, the United Nations Conference on Human Settlements (Habitat II), the World Summit for Children and the Barbados Programme of Action for the Sustainable Development of Small Island Developing States. The participation of civil society, including non-governmental organizations, would be crucial to the success of those reviews.

24. A broader and integrated approach should be taken to the multifaceted problem of poverty, taking into account its relationship to, *inter alia*, social exclusion, gender equity, democracy, human rights and conflict prevention. The European Union would continue to support national poverty elimination strategies based on joint participation by the respective Governments, civil society and the private sector. High priority should be accorded to the involvement of the poor themselves, including such vulnerable groups as older persons, the disabled, children and indigenous populations.

25. The European Union welcomed the impact of the Secretary-General's reforms on operational activities, both at Headquarters and in the field. The triennial policy review of operational activities should focus on coherence among development partners, the harmonization of procedures and collaborative programming within the United Nations Development Assistance Frameworks (UNDAFs) and the strengthening of the resident coordinator system. The European Union also called for improved cooperation between the United Nations and the Bretton Woods institutions, particularly at the country level. He expressed the Union's concern at the declining trend in resources for operational activities and the hope that the agreed target of 0.7 per cent of GNP for official development assistance would be achieved. As the largest contributor to United Nations operational activities, the European Union was concerned that a lack of resources was already diminishing the impact of the United Nations system at the field level. In that connection, it strongly supported the new funding framework recently adopted by UNDP and the United Nations Population Fund (UNFPA) with a view to increasing

core resources and reducing overdependence on a limited number of traditional donors.

26. The European Union looked forward to comprehensive consideration of financing for development on the basis of General Assembly resolution 52/179. The discussion should focus on diversifying sources of funding for poverty eradication. In that connection, the European Union was currently preparing for the discussions to be held in the ad hoc open-ended working group in early 1999. It hoped that the General Assembly, during the current session, would adopt a procedural resolution establishing a sound framework for such a discussion.

27. External debt prevented poor developing countries from reaping the benefits of reform and limited their access to international capital markets. The Heavily Indebted Poor Countries (HIPC) Debt Initiative should be extended to include more countries. In addition to the debt relief already granted within the framework of the Paris Club and through the cancellation of bilateral debt and debt swap arrangements, the States members of the European Union would fully participate in the HIPC Initiative. Within the context of the Lomé Convention, the European Union was actively supporting the economic and social development of the least developed countries and accorded high priority to their integration in the world economy. Accordingly, it would make every effort to facilitate agreement on the modalities of the Third United Nations Conference on the Least Developed Countries, to be held in 2001, and was prepared to host it. Since the majority of least developed countries were in Africa, the European Union attached importance to the forthcoming deliberations of the General Assembly on the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa.

28. He stressed the need for greater coordination among the environment-related conventions. In that context, the European Union welcomed the deliberations of the Commission on Sustainable Development on strategic approaches to freshwater management and looked forward to playing an active role in the forthcoming Conferences of the Parties to the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa. As the principal source of financing for efforts to combat desertification, the European Union attached great importance to the successful outcome of the Second Conference of the Parties of the Convention to Combat Desertification, to be held in Dakar. Anxious to see the development of a more focused and streamlined agenda on environment and human settlements within the United Nations system, the European Union would give careful consideration to the report of the Secretary-General on the work of the task force on environment and human settlements during the current session. In conclusion, it hoped that the deliberations of the Second Committee would be more focused and that the resolutions it adopted would be shorter and more current.

29. **Ms. Herfkens** (Netherlands) expressed her delegation's support for the statement delivered on behalf of the European Union. Her delegation was alarmed at the decline in ODA in recent years, particularly since her Government was committed to allocating 0.8 per cent of its GNP for that purpose and had met all other targets for international assistance, which it continued to expand. She urged other wealthy nations as well as newly industrialized countries to assume their share of the financial burden, based on their capacity to give. It would be important to ensure secure and predictable funding and to seek new and innovative sources of development funding, in the private and public sectors and at the domestic and international levels.

30. The development agenda and multilateral cooperation were the primary concern of the United Nations today. She advocated sustainable development that satisfied basic human needs, respected human rights, built human capacities and was socially responsible. Multilateral cooperation for development, beyond financing, must develop the potential of developing countries to grow; however, that was not possible when the debt and interest payments of those countries exceeded the amount of bilateral assistance they received. Although most development assistance to countries of the South came from the private sector, the reality was that all international agencies combined could have a greater impact on the well-being of aid recipients than the bilateral programmes of individual donor countries.

31. The global conferences of the 1990s provided an excellent platform for consensus-building; however, there had been too many words and too little action. The developing countries must participate in the process of global integration on equal terms; such equal access could only be ensured at the global level, preferably with the support of United Nations agencies, the international financial institutions and WTO. In Geneva, she had personally helped to launch an integrated framework to assist the least developed countries in gaining access to world markets, with the participation of the United Nations Conference on Trade and Development (UNCTAD), WTO, UNDP and the Bretton Woods institutions. Multilateral cooperation should focus on the most vulnerable countries,

including small island developing States, which had most recently suffered the effects of Hurricane Georges; the sub-Saharan African countries; and the Heavily Indebted Poor Countries. In that connection, she noted that the Group of Seven contributed to only 17 per cent of the Heavily Indebted Poor Countries Trust Fund of the World Bank, with the Netherlands in the lead.

32. In order to ensure successful multilateral cooperation for development, Member States must be actively involved in the reform of intergovernmental mechanisms. Inter-agency cooperation that built on comparative advantage and complementarities through UNDAFs was equally vital, particularly at the field level. That effort must also include the World Bank, regional banks, such as the Inter-American Development Bank, and bilateral donors. Of particular importance would be the improvement of relations between the United Nations and the Bretton Woods institutions, with the World Bank serving as a powerful resource base and the United Nations system playing a normative role. Inter-agency cooperation must also translate into improved cooperation among various government ministries at the national level.

33. **Mr. Chowdhury** (Bangladesh) expressed his delegation's support for the statement delivered on behalf of the Group of 77 and China. He also echoed the recent call by Prime Minister Tony Blair of the United Kingdom for the modernization of the global financial institutions, whose inadequacy had been highlighted by the financial crisis in South-East Asia. According to the *World Economic and Social Survey*, 1998, even economically marginalized countries remained vulnerable to the consequences of those crises, particularly if commodity prices dropped or joblessness abroad caused a decline in workers' remittances.

34. The international community must devote special attention to countries that had failed to achieve satisfactory growth during the expansion of the world economy in the past decade. It should provide debt relief, seek to reverse the negative flow of resources and ensure market access for those fragile economies. His delegation looked forward to participating, during the current session, in the ad hoc open-ended working group in order to examine inputs and formulate an agenda for the high-level international intergovernmental consideration of financing for development. That group's agenda should take into account the importance of external assistance and of United Nations operational activities for development. The developed countries must reverse the decline in ODA and make every effort to honour their commitments in that regard, including the commitment to allocate 0.15 to 0.2 per cent of their GNP to the least developed countries. In that connection, he drew attention to the report of the thirty-first session of the Committee for Development Policy of the Economic and Social Council, which recommended a sustained and effective flow of ODA over the next 10 years. That should be taken into consideration during the triennial policy review of operational activities.

35. Closely linked to the issue of ODA was that of debt relief, which was currently too slow and too restrictive to benefit the weaker economies, even under the Highly Indebted Poor Countries Debt Initiative. The terms of the Initiative should be revised to increase its flexibility and to expand its coverage. An insufficient flow of resources, particularly during a time of economic uncertainty, could negate the progress in democratization and administrative deregulation that had been achieved thanks to structural adjustment programmes. Nonetheless, the net resource transfer from the multilateral financing agencies, including the World Bank and the regional development banks, was on the decline, even in nominal terms. That situation must be reversed.

36. His delegation welcomed the communiqué of the high-level segment of the 1998 substantive session of the Economic and Social Council, recognizing that full implementation of the Programme of Action for the Least Developed Countries for the 1990s demanded greater progress in ensuring duty-free imports from the least developed countries, which, in turn, would help to ensure them market access. In that context, his delegation urged the full and early implementation of the decisions taken at the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held under the auspices of the World Trade Organization and a number of other agencies in Geneva in October 1997. His delegation was encouraged by the progress that had been made in organizing the Third United Nations Conference on the Least Developed Countries, to be held in 2001, and would be actively involved in those preparations. It welcomed the announcement by the representative of Austria that a European country would host the Conference. It also looked forward to the South-South Summit, to be held in 2000, which would be an occasion for formulating strategies for productive South-South cooperation.

37. **Ms. King** (United States of America) said that, in the context of the current global financial crisis, four areas were of particular interest to her delegation: macroeconomic issues, particularly globalization and financing for development; sustainable development; business and development; and the triennial policy review. The challenge was how to use the forum provided by the General Assembly to make a positive contribution to the efforts being made by

the world's financial leaders to strengthen the global financial system. As the Secretary-General had reaffirmed, the international community should explore how globalization could best serve all humankind and how its unpredictability could be redressed.

38. In its bilateral assistance programmes, the United States supported the development of social safety nets for the people most affected by the current crisis and assisted Governments to put in place regulatory systems that improved the ability to manage matters soundly. In early September President Clinton had defined United States leadership in overcoming the crisis by highlighting the enormous successes of economic and financial liberalization for developed and developing countries alike, as well as the shortcomings of the globalized system and the need for addressing weak points in the system. More recently, the United States Secretary of the Treasury had outlined two United States initiatives: a strengthened IMF financing mechanism to respond to difficult global financial conditions that threatened even countries with strong macroeconomic policies, and a new emergency capacity for the World Bank to focus on support for the most vulnerable groups in society and on financial sector restructuring.

39. The United States had asked IMF and the World Bank to take immediate steps to convince countries to stay engaged in the global economy rather than embark on exchange and capital controls; to accelerate the pace of comprehensive corporate and financial restructuring in countries where there was a systemic problem; to provide increased social safety nets in the countries in crisis to help the least advantaged citizens; to continue discussion on new instruments for emergency assistance while adhering to sound, prudential norms; and to reinforce good governance and transparency in both public and private sectors, including the financial sector.

40. With regard to the HIPC Debt Initiative, the United States had called upon creditors to follow the example of the World Bank and the Paris Club in providing interim debt relief to support ongoing reforms rather than delaying all debt relief to a future completion point.

41. The United States did not believe that the current international financial system was in need of replacement. It believed that IMF and the other Bretton Woods institutions were uniquely placed and uniquely empowered to deal with the financial crisis which threatened the entire world. It did not believe that the General Assembly, the United Nations Secretariat or the United Nations Conference on Trade and Development (UNCTAD) should supplant IMF and the World Bank or that the States Members of the United Nations should, as some had proposed, create a "world financial organization". However, the United Nations had a demonstrated comparative advantage in addressing development issues, including population, social, gender and children's issues and in assessing the linkages between development and peace. Its resolution should strive to focus on such areas of comparative advantage.

42. Financing for development was one such area. Her delegation was keenly interested in the dialogue on financing for development which the General Assembly had initiated the previous year. The current session of the General Assembly should establish the procedures for the next phase of the dialogue.

43. The United States was keenly interested in and committed to the triennial policy review of operational activities. That commitment was underlined by the continuing leading role of United States contributions to the funds and programmes. Under the review, her delegation would be looking at results-based programming in all the funds and programmes, expanding the use of a human rights based approach to development by the United Nations Children's Fund (UNICEF) and pursuing implementation of United Nations Development Assistance Frameworks as a basis for improved coordination, not only of the United Nations but of bilateral and multilateral donors.

44. Participants in the high-level segment of the 1997 session of the Economic and Social Council had agreed that good governance and transparency were key elements in creating an enabling environment for development. The operational development agencies had made enormous strides in providing assistance to Governments in the areas of good governance and transparency, and the international financial institutions had taken their lead from the United Nations in that area. Her delegation believed that corruption and bribery were a critical impediment to development and that they should remain under active consideration by the General Assembly.

45. The largest and most important issue on the United Nations environmental agenda at the current session was how to operationalize the recommendations contained in the report of the task force on the environment and human settlements. Her delegation strongly supported United Nations activities in the fields of environment and human settlements and looked forward to working with other delegations to strengthen the two key organizations working in those areas.

46. The United States continued to believe that, taken as a whole, the outcomes of the major United Nations conferences of the 1990s provided an overall framework for

development. As the international community struggled to overcome the current global financial crisis, it should renew its commitment to the recognition that people needed to be placed at the centre of development, since that was the key to poverty reduction; that national Governments had the primary responsibility for promoting development and for creating both a domestic and an international environment conducive to sustainable growth; that all aspects of development needed to be considered together, since whatever happened in one area affected development in another; and that respect for the individual and all human rights, transparency and good governance were essential to the success of development.

47. **Mr. Özügergin** (Turkey) said that coherent international cooperation was required to address the serious economic difficulties currently affecting most countries worldwide, although the events of the past year had called into question the effectiveness of existing international mechanisms for dialogue and coordination. Indeed, the biggest risk confronting the world was that of global recession. In that regard, he hoped that the international finance structure would be improved in such a way as to allow its components to assume a more preventive role in addition to their traditional corrective functions.

48. His delegation was encouraged by the renewed dialogue at the United Nations, an indication that all groups of countries had decided to reaffirm the centrality of development and to address poverty as its most urgent component. The Committee should seize the opportunity to deal with the critical matters on its agenda from a "value added" perspective. The Committee's work should be focused, and it should use its time efficiently. It was of vital importance that further efforts should be exerted to enhance and consolidate the reform process. The United Nations had a clear role in revitalizing development and strengthening normative, legal and institutional frameworks that would enable the global economy to operate more effectively and equitably. Those frameworks were essential in order to ensure stability and predictability and to allow all regions of the world, particularly the least developed countries, to benefit from the globalized economy.

49. In recent years, United Nations operational activities had increased in range and diversity. Its mandates and tasks were being implemented in a more holistic manner, as the linkages between various dimensions of sustainable development became more evident. However, his delegation was concerned about the stagnant or declining funding trends, particularly in the area of core resources.

50. While some progress had been made towards achieving some of the main goals of the Rio Conference, many issues such as poverty alleviation, gender equality, protection of national resources and fragile environments and improvements in health and education had by and large been neglected. However, there was a consensus that they were worthwhile and must be pursued. It was widely recognized that the promotion of sustainable development should be multifaceted and should involve all the components of civil society, rather than being the sole responsibility of Governments.

51. One of the Committee's main goals should be to contribute to United Nations efforts to activate the relevant mechanisms designed to follow up the implementation of the results of major conferences.

52. **Mr. Martynov** (Belarus) said that most of the world's current economic problems would be carried over into the next century. The world's optimism two years earlier about the opportunities for stable economic growth and social progress generated by globalization and trade liberalization had quickly been transformed into gloom by the acute crises in international financial markets. Therefore, coordinated measures needed to be undertaken to develop global mechanisms to regulate international financial markets. The Bretton Woods institutions and national Governments should make joint efforts to form a structure which could react promptly to deteriorating situations around the world.

53. Not all countries reaped benefits from globalization and trade liberalization. Many developing countries, particularly the least developed ones, had been marginalized. Furthermore, the average level of tariff barriers on goods from the least developed countries was 30 per cent higher than the average world index. Unwarranted anti-dumping sanctions, together with ecological standards and phytosanitary rules, were being used for protectionist purposes. In that connection, more than 30 countries, including Belarus, were holding consultations on joining WTO so that they would be able to take advantage of the multilateral trading system and could use the WTO dispute settlement mechanism to oppose anti-dumping sanctions and other restrictions. It would be helpful to have technical and advisory assistance from UNCTAD and WTO in dealing with the complex and protracted procedures needed to accede to WTO.

54. The globalization of the world economy and liberalization of international trade had increased the vulnerability of the least developed countries. The extremely uneven distribution of foreign direct investment among developing countries should be taken into account. Seventy-

five per cent of global investment flows went to only 12 countries. That fact showed, once again, the importance of ODA for the majority of developing countries. It was therefore imperative to reverse the emerging trend towards a reduction in the volume of financial resources allocated within the framework of ODA. Solving the external debt problem was also of great importance to sustainable development. That issue should be resolved in the very near future through the joint efforts of the creditor countries, the indebted States and the Bretton Woods institutions.

55. The financial crisis that had rocked the Russian Federation during the current year and affected the other countries of the Commonwealth of Independent States had demonstrated the need for putting on the world agenda the question of assistance to those countries in their efforts to establish a market economy and to counteract the world financial crisis. Belarus had carried out its transition to a market-oriented economy gradually. Its goal was to ensure that the most vulnerable groups of the population such as students, the disabled and pensioners were not severely affected by macroeconomic transformations. It was seeking to establish and develop mutually beneficial trade and economic relations with all countries and regions of the world and to resolve difficulties together with its partners on the basis of the principles of equality and mutual benefit.

56. The country's economy had grown substantially over the past two years, recording GNP growth of 10 to 12 per cent, with many sectors growing at rates of 18 to 25 per cent. However, Belarus still needed cooperation in coordinating activities with its neighbours, European structures and international financial institutions. His delegation hoped that the lessons learned from the recent crises would be taken into account by the international financial institutions.

57. Belarus had recently been elected as a full member of the Movement of Non-Aligned Countries. Membership would allow it to considerably expand its trade and economic interaction with States members of the Movement. Belarus also supported the development of economic ties with the Group of Eight, the European Union and the countries of Central and Eastern Europe. It was important not only to expand trade links but also to intensify investment and technological cooperation, since at its current stage of development, his country needed foreign investments and modern technology. In line with its tradition as an active advocate of international economic cooperation, Belarus was planning on convening an international conference of landlocked countries of Central and Eastern Europe as well as of the Commonwealth of Independent States on economic, transport and environmental issues in Minsk in 1999. He invited the specialized agencies, funds and programmes of the United Nations system as well as donor countries to provide financial, technical and advisory assistance in implementing that initiative.

58. **Mr. Acenah** (Uganda) said that his delegation associated itself fully with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Globalization and interdependence had emerged as the most pervasive economic forces in the modern world. While globalization had been variously characterized as a reality, as a blind force and as a phenomenon that brought with it benefits and grave risks, it was also the result of deliberate policy prescriptions and pursuits. Many currently believed that the benefits of globalization would at best be uneven, and at worst bypass some regions altogether unless specific measures were urgently adopted and implemented.

59. His delegation agreed with other developing countries that a reassessment of national and international economic cooperation policies should be undertaken. The South-East Asian crisis had called into question the ability of existing multilateral financial institutions to deal with volatility in global capital markets, and it was widely agreed that international economic-policy decision-making should be made more transparent, open and democratic. Only such actions would restore confidence in the global economic system, stabilize financial markets and generate growth with equity.

60. Measures could and should be taken to mitigate and ultimately eradicate the negative impact of globalization on the economies of developing countries. Economies must be localized, economic power must be decentralized and international economic relations must be democratized. The Bretton Woods institutions, which had been instrumental in advancing economic globalization, should be restructured and given new mandates to enable them to promote economic localization, which was in the best interests of both the developing and developed countries. In that regard, his delegation agreed entirely with the Secretary-General that the new dimensions of globalization could be addressed only multilaterally, by the United Nations and other international institutions.

61. Assessments of the impact of globalization had tended to gloss over its consequences for the fragile and vulnerable economies in Africa and the least developed countries. Although African countries had undertaken far-reaching economic reforms with a view to revitalizing and transforming their economies, the desired outcome of such efforts had for the most part not materialized. Africa's share in world trade had continued to shrink, and the prospect for recovery was bleak, owing to internal conflicts and the

scourge of diseases. Moreover, the level of external assistance was declining and Africa's export earnings had fallen as commodity prices plummeted. Owing to dwindling domestic resources as well as the reduced role of Government in such important areas as capacity-building, health, infrastructure and marketing and financial intermediation, African countries were unable to reap benefits from the growing global economy. For those reasons, Africa would continue to advocate reforms and globalization that were sensitive to the situation of the world's weakest economies. That could be accomplished through increased and carefully targeted ODA flows, policies that opened up markets for commodities of export interest to Africa, and appropriate action on debt that would reduce poverty and improve the access of people living in poverty to productive opportunities.

62. The Secretary-General's report on the causes of conflict and the promotion of durable peace and sustainable development in Africa (A/52/871-S/1998/318) presented possible approaches to development cooperation in countries that were in conflict or were emerging from such situations. It advocated a holistic approach that treated all aspects involved in the transition from relief to rehabilitation, reconstruction and development. His delegation fully endorsed the Secretary-General's recommendations on specific actions that must be taken at both the domestic and international levels. Member States should work together to provide the necessary mandate and resources for a United Nations system-wide implementation of those recommendations.

63. **Mr. Dáus Céspedes** (Cuba) said that his delegation fully associated itself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China. Globalization had a direct impact on the economic and social development of the developing countries and exposed them to liberalizing trends and international market forces and speculation. Those who had used the forces of globalization to impose neo-liberal doctrines were responsible for the current world economic crisis which, if it continued unchecked, would have unpredictable consequences. The structural adjustment programmes advocated by the World Bank and IMF had ended in complete failure. A second generation of reforms had also been useless, and a third or fourth generation would not provide any relief since, although it appeared in many guises, the ideology of the Washington Consensus continued to be imposed on the developing countries.

64. Internal reform in developing countries, macroeconomic adjustments and the efforts of the populations of poor countries would never succeed without an international climate conducive to development. Measures must be taken to end unfair trade practices, instability of commodity prices, open and hidden protectionism, external indebtedness, interference in the internal affairs of States, economic blockades, technological backwardness and poverty. Because of its universal nature and the fact that it was the only forum in which rich and poor had the same vote, the General Assembly had a special role to play in achieving universal consensus on values and mechanisms that could help humanity to face new challenges. Multilateralism and international cooperation in an era of globalization must be strengthened. North and South must work together and commit themselves to a more human form of globalization.

65. His delegation attached particular importance to the establishment of a working group to prepare the agenda of a conference on the financing of development. Recent developments had clearly demonstrated the urgent need for such a conference. The Bretton Woods institutions had demonstrated their inability to deal with the South's real development problems and were in no position to meet the challenges of globalization. The United Nations must seek real universal and just alternatives to the complex economic and social problems currently facing the international community. The Second Committee should give serious consideration to the proposal by the Committee for Development Policy to establish a new international financial organization.

66. His delegation was concerned at current trends in the mobilization of core resources for the funds, programmes and agencies of the United Nations system. The triennial policy review of operational activities for development should consider objectively the lack of political will on the part of certain traditional donors to reverse the decline in resources for development. The efforts currently being undertaken by the boards of UNDP, UNFPA and the United Nations Children's Fund (UNICEF) should help mobilize resources and not attempt to impose new conditions on scarce resources. Core resources were not only the cornerstone of United Nations development activities but were also the guarantee of its universality, multilateralism, neutrality and unconditionality.

67. **Mr. Shen Guofang** (China) said that the developing countries should be aware of the effects of globalization and recognize their own weak points so that they could reap the benefits of that process while protecting their economic security. Liberalization measures should be taken gradually in the light of specific national conditions. Priority should be given to establishing a healthy banking system and implementing stable and sound macroeconomic policy.

68. It was necessary to conduct a thorough evaluation of the functions and rules, as well as contingent measures, of the international financial institutions. In particular, their role in early warning, monitoring and handling of the crisis in international capital markets must be strengthened. At the same time, the relevant institutions should improve the effectiveness of their work in order to ensure that correct remedial measures could be put in place promptly to halt the spread of crises in time. The devastation caused by the crisis in Asia had reached places thousands of miles away with no respect for national or regional boundaries. It was therefore in the common interest of all countries to join efforts to overcome the crisis. Countries that had a major influence on Asia's economic situation should take constructive policy measures immediately in order to help eliminate the lingering impact of the crisis and promote the recovery of the countries that had been hardest hit by the crisis.

69. The developing countries' efforts to become part of the globalization process were facing a number of constraints. Protectionism under the guise of labour and environmental standards targeted against developing countries, as well as unjustified use of anti-dumping and anti-subsidy measures, had made it almost impossible for developing countries to enjoy the benefits brought about by the expansion of international trade. Many developing countries could not benefit from the flow of international capital. ODA was continuing to decline, and many countries were still faced with a heavy debt burden.

70. Responsible economic and financial policies by developed countries should constitute an important part of international economic cooperation for development. Developed countries should not view such cooperation as a favour to other countries but rather as an investment in a common future. While developed countries had been the major beneficiaries of the globalization process, they could not hope to achieve long-term prosperity on the basis of the unstable or marginalized economies of the vast number of developing countries. In the globalization process, countries should improve efficiency through competition and promote equity through cooperation in order to achieve the ultimate goal of common development.

71. The Committee's consideration of the item on financing for development should focus on real actions with the ultimate goal of solving the practical difficulties faced by developing countries. The Committee should focus on the responsibilities of Governments, in particular their obligation to honour the commitments they had already made. The grave reality of declining ODA should not be overshadowed by fanfare about other sources of financing.

72. As an important means of technical assistance, United Nations operational activities for development were vital for helping developing countries to achieve self-reliance and speed up their economic and social development. The universality, neutrality and multilateral nature of operational activities must be preserved. The ongoing comprehensive reform of the United Nations should contribute to the strengthening of operational activities for development and, in particular, contribute to the expansion of core resources.

73. South-South cooperation had played a positive role in promoting the common development of developing countries. The new trend of economic globalization had made South-South cooperation more important than ever before, and his delegation was prepared to work with the developing countries to explore new ideas in that area and expand mutually beneficial cooperation.

74. **Mr. Kamal** (Pakistan) said that his delegation associated itself fully with the statement made on behalf of the Group of 77 and China. While globalization had become synonymous with marketization, market forces had not helped developing countries integrate into the world economy. The market had also not helped the recovery of the East Asian economies, which had reinforced the widely shared perception that the market could not solve all economic problems. The market responded to costs and revenues, and its central aim was profit maximization and not the improvement of the human person. The consequences of decisions made by profit-seekers were undermining future economic development.

75. The situation had been further aggravated by the increasing decline in concessional finance for development. Development could not be left to the mercy of financial flows. In order to ensure sustainable development, it was necessary to set up special funds devoted exclusively to the cause of development. Development must be viewed in the larger context provided by the global United Nations conferences that had been held during the 1990s. Humanization of globalization was a necessity and not a choice, and the international community must look for solutions beyond monetary and fiscal measures, macroeconomic stability and controlled liberalization.

76. The increased inequalities between and within countries involved in globalization and free markets had seriously challenged the Washington Consensus. While the international community had already reached a global consensus on sustainable development and the normative framework for human-centred development, it was still far from evolving an international policy framework to implement those goals. The process of evolving such a

framework should be democratic, and all institutions that dealt with the economic, financial and social aspects of development should participate. The United Nations also had a role to play in establishing the new framework.

77. Serious consideration should be given to the proposal on the convening of a global monetary conference under United Nations auspices to address the old and new problems of the international finance system. His delegation proposed that the Secretary-General should be requested to submit his recommendations regarding the convening of such a conference to a resumed session of the Second Committee that could be held early in 1999.

The meeting rose at 1.10 p.m.